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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

TARIFFS

*New Delhi, the 22nd January, 1955*

No. 21(2)-T.B./54.—The Tariff Commission has submitted its Report on the Automobile Sparking Plug Industry on the basis of an inquiry undertaken by it under section 11 of the Tariff Commission Act, 1951. The scope of the inquiry covered all specifications of sparking plugs in 14 mm. and 18 mm. sizes including resistor types but excluding integrally screened types.

2. The Commission has noted with satisfaction that substantial progress has been made by the two units engaged in the industry with technical collaboration with well-known foreign firms. It has urged that the conditions favourable to the further growth of this nascent industry must be created by positive measures, and, that unless adequate protection is assured to the industry, it will not have sufficient incentive for implementing fully its phased programme of manufacture and for undertaking further investment that may be required. The Commission has accordingly recommended the following scheme of protection and assistance:—

- (i) Protection should be granted to the industry till 31st December, 1955, by increasing the rate of duty on sparking plugs of British manufacture to 85 per cent *ad valorem*. In order to maintain the preference of  $7\frac{1}{2}$  per cent *ad valorem* for sparking plugs of British manufacture adapted

for use in motor trucks, the standard rate of duty on this class of plugs may be fixed at 92½ per cent *ad valorem*. A review of the position should be made before the end of 1955.

- (ii) Additional relief should be given to the industry by refunding the whole of the duty paid by the manufacturers of sparking plugs on imported bright drawn free cutting mild steel hexagonal bars, rectangular nickel wire, manganic strip and cold drawn bright M. S. tubes and by refunding such duty paid by them on imported finished components, viz., upper disc, sub-assembled insulator, clamping washer and lower disc as is in excess of the duty payable according to the existing rates. Refund of duty should, however, be subject to Government being satisfied that the phased programme of manufacture as approved by them is being implemented by the manufacturers.

3. Government accept recommendation (i) above and will take steps to implement it.

4. As regards recommendation (ii), it is observed from the report that in estimating the fair ex-works price of the indigenous sparking plug, the Commission took into account the customs duty payable on imported raw materials used in the manufacture of sparking plugs and that the quantum of protective duty recommended was based on such fair ex-works price compared with the ex-duty landed cost of corresponding imported plug. The question of the grant of relief by way of refund of duty on the raw materials in question does not, therefore, arise. Further, it is feared that if the proposal for partial exemption of duty on imported components, is accepted, plans for the manufacture of these components in the country will inevitably be retarded. In any case since a further enquiry is proposed to be held at the end of the year, Government would prefer to await its result.

5. The Commission has made the following further recommendations:—

- (1) Auto Accessories (India) Ltd., should be required to submit a phased programme of manufacture of parts of sparking plugs for a period of three years so that at the end of that period, it should be possible for them to manufacture all the parts of sparking plugs in India. Steps should also be taken by Government to ensure that the phased programme is implemented by Motor Industries Co. Ltd., and Auto Accessories (India) Ltd., according to the time schedule approved by them (i.e. Government).
- (2) It would be in the interest of the industry if only one unit were allowed to manufacture insulators. Government should examine the possibility of the manufacture of insulators by the Government Procelain Factory, Bangalore, in consultation with Motor Industries Co. Ltd.

- (3) Government should make arrangements for the periodical testing of the quality of indigenous sparking plugs.
- (4) Government should make arrangements with the Collectors of Customs and the Director General of Commercial Intelligence and Statistics to record imports of sparking plugs by the following categories, viz., (a) sparking plugs of 14 mm. size, (b) sparking plugs of 18 mm. size and (c) sparking plugs of all other sizes.
- (5) Careful watch should be kept over the trend of imports of sparking plugs and imports should be allowed only to the extent to which they are required to bridge the gap between the estimated domestic demand and indigenous production.
- (6) The Central and State Governments should extend their patronage to their sparking plug industry as soon as the sparking plugs produced in the country are found to be of acceptable quality.
- (7) The Indian Standards Institution should consider the feasibility of formulating standard specifications for at least some of the major components of the sparking plug in consultation with the manufacturers.
- (8) Motor Industries Co. Ltd., should forward samples of sparking plugs produced by them to the Institute of Science, Bangalore, for having them tested thoroughly. They should also supply sparking plugs produced by them at Bangalore to the various road transport undertakings in the country for use in their vehicles and obtain their opinion based on use for sufficiently long period.
- (9) The manufacturers of sparking plugs should adopt the practice followed in foreign countries of supplying their products at concessional rates to manufacturers of motor vehicles for use as original equipment.
- (10) The manufacturers of sparking plugs should take steps to build up an adequate sales organisation so as to be able to meet the requirements of consumers in different parts of the country. They should also maintain adequate stocks of the various types and specifications of sparking plugs of 14 mm. and 18 mm. sizes normally required by the consumers.

6. Government accept recommendations (1), (2), (3), (4), (6) and (7) in paragraph 5 above and will take suitable steps to implement them as far as possible.

7. As regards recommendation (5) in paragraph 5 above, a careful watch is being kept over the trend of imports and suitable action will be taken by Government at the appropriate moment.

8. The attention of the industry is invited to recommendations (8), (9) and (10).

## NOTIFICATION

## TARIFFS

*New Delhi, the 22nd January, 1955*

**No. 21(2)-T.B./54.**—In exercise of the powers conferred by sub-section (1) of section 3A of the Indian Tariff Act, 1934 (XXXII of 1934), as in force in India and as applied to the State of Pondicherry, the Central Government hereby directs that with immediate effect there shall be levied on the articles specified in column (1) of the Table hereto annexed when imported into India or into the State of Pondicherry the duty of customs specified in the entry in column (2) thereof.

## THE TABLE

Name of articles.	Amount of customs duty (inclusive of the duty chargeable under sub-section (1) of section 2 of the Indian Tariff Act, 1934, and any additional duty leviable under any other law for the time being in force).
1	2
The following articles, and parts thereof, adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters, namely—	
Sparkign plugs of 14 mm. and 18 mm. sizes, including the resistor types but excluding integrally screened types.	92½ per cent <i>ad valorem</i> .

K. B. LALL, Jt. Secy.